

Message Text

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ORIGIN EA-09

INFO OCT-01 ISO-00 AID-05 L-03 IGA-02 EB-07 /027 R

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R 240730Z APR 76

FM SECSTATE WASHDC

TO AMEMBASSY VIENTIANE

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E.O. 11652, N/A

TAGS:PFOR, EFIN, EAID, LA, US

SUBJECT: UNRESOLVED USAID MATTERS: (1) DIRECT ADVANCE IN
COUNTERPART FOR SPECIAL LETTERS OF CREDIT, (2) STATUS USAID
TRUST FUND 72FT800

REF: 1. VIENTIANE 0731, 2. STATE 077204, 3. VIENTIANE 0333,
4. VIENTIANE 0322

1. AID OFFICIALS FAMILIAR WITH USAID/LAOS COMMODITY IMPORT
PROGRAM AND USAID'S FINANCIAL OPERATIONS CONSIDER LAO
REQUEST TO REIMBURSE THE NATIONAL BANK OF LAOS IN THE
AMOUNT OF KIP 696,018 WOULD NOT, REPEAT NOT, BE AN EXPENSE
NORMALLY CHARGEABLE TO THE USAID/LAOS TRUST FUND (72FT800)
IN THE USDO ACCOUNT RESERVED FOR USAID/LAOS RESIDUAL
EXPENSES. MOREOVER, AID OFFICIALS RECALL THAT ACCOUNT NO.
5002 WAS A SPECIAL NATIONAL BANK OF LAOS INTERNAL ACCOUNT
USED BY THE BANK TO IDENTIFY AND CONTROL THE KIP ADVANCES
RECEIVED FROM LAO IMPORTERS UNDER SPECIAL LETTER OF CREDIT
FINANCING PROCEDURES. (FYI) THE KIP ADVANCE MADE BY THE
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IMPORTER WAS INTENDED TO PROVIDE NBL THE KIP EQUIVALENT OF

THE DOLLAR LETTER OF CREDIT PAYMENTS TO BE MADE FOR IMPORTED COMMODITIES BEING FINANCED WITH AID DOLLARS. (END FYI) KIP ADVANCES (ESTIMATED) WERE MADE BY IMPORTERS, HOWEVER, EXACT AMOUNTS WERE NOT KNOWN UNTIL NBL RECEIVED DOLLAR DISBURSEMENT INFORMATION FROM U.S. BANKS. AT THAT STAGE, FINAL SETTLEMENT WAS MADE WITH LAO IMPORTER. AT THE TIME THE FORMER COMMODITY IMPORT PROGRAM WAS BEING WOUND UP (OCT. AND NOV. 1973), IT APPEARED THAT THE BANK MAY HAVE INADVERTENTLY RETURNED TO IMPORTERS SOME SMALL AMOUNTS IN EXCESS OF AMOUNTS DUE THEM. ACCORDINGLY, ANY RECOVERIES TO BE MADE SHOULD BE MADE FROM IMPORTERS AND NOT FROM THE USAID TRUST FUND. ALL FORMAL FINANCIAL RECORDS ON THE IMPORT PROGRAM WERE CONTROLLED BY THE BANKS, GOVERNMENT OF LAOS AND INDIVIDUAL IMPORTERS NOT REPEAT NOT USAID.

2. AID/WASHINGTON IS STILL IN PROCESS OF SETTLING A FEW REMAINING CLAIMS AGAINST THE TRUST FUND ACCOUNT (SEE BELOW). HOWEVER, WHEN THESE CLAIMS HAVE BEEN RESOLVED, DEPARTMENT AND AID WILL CONSIDER TURNING OVER BALANCE TO LAO GOVERNMENT ON CONDITION THAT IT ASSUME FULL RESPONSIBILITY FOR ANY AND ALL SUCH RESIDUAL USAID KIP EXPENSES THAT MIGHT MATERIALIZE. USG WOULD NOT ENTERTAIN ANY KIP CLAIMS AGAINST USAID/LAOS SUBSEQUENT TO TURNOVER. AFTER THE TRANSFER OF RESIDUAL BALANCE OF TRUST FUND, THE LAO COULD THEN REIMBURSE THE NATIONAL BANK OF LAOS K 696,018 FROM THESE FUNDS SHOULD THEY DESIRE TO DO SO.

3. THE STATUS OF THE TRUST FUND ACCOUNT, AS OF APRIL 22 IS :

CASH BALANCE - - - - - K 42,134,285

(EXCLUDES DISBURSEMENTS MADE DURING APRIL BY USDO/VIENTIANE WHICH ARE CHARGEABLE TO THIS ACCOUNT)

OUTSTANDING CLAIMS AGAINST CASH BALANCE:

DR. SOUDALY - - - - - K 615,000

MEKONG CONSTRUCTION CO. - K 4,899,350

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(TERMINATION CLAIM)

ADVANCE STILL OUTSTANDING (NOT INCLUDED IN CASH BALANCE)

LAO EMPLOYEES' CREDIT UNION - - - K 3,000,000

4. WE WILL ADVISE WHEN OUR TRUST FUND TRANSACTIONS HAVE BEEN COMPLETED. EMBASSY SHOULD LET DEPARTMENT AND AID/W

KNOW IF FURTHER INFO REQUIRED. SISCO

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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Margaret P. Grafeld
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